

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 1094

(SENATE AUTHORS: DRAHEIM, Koran, Eichorn and Eken)

DATE	D-PG	OFFICIAL STATUS
02/11/2019	331	Introduction and first reading Referred to Agriculture, Rural Development, and Housing Policy See SF2226

1.1 A bill for an act

1.2 relating to housing; modifying manufactured home provisions; amending Minnesota

1.3 Statutes 2018, sections 299D.085, by adding a subdivision; 326B.815, subdivision

1.4 1; 327.31, by adding a subdivision; 327B.041; 327C.095, subdivisions 4, 6, 12,

1.5 13, by adding a subdivision; 462A.2035, subdivision 1b; 462A.33, subdivisions

1.6 1, 2; proposing coding for new law in Minnesota Statutes, chapter 327.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2018, section 299D.085, is amended by adding a subdivision

1.9 to read:

1.10 Subd. 3a. **Trailer use.** A vehicle or a combination of vehicles may tow a trailer during

1.11 the movement of an overdimensional load if:

1.12 (1) the party involved is a building mover licensed by the commissioner of transportation

1.13 under section 221.81;

1.14 (2) the building being moved is not a temporary structure;

1.15 (3) the overdimensional load is a manufactured home, as defined under section 327.31;

1.16 or

1.17 (4) the overdimensional load is a modular home, as defined under section 297A.668,

1.18 subdivision 8, paragraph (b).

1.19 Sec. 2. Minnesota Statutes 2018, section 326B.815, subdivision 1, is amended to read:

1.20 Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092,

1.21 an initial or renewed residential contractor, residential remodeler, or residential roofer license

2.1 is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured
 2.2 home installers under section 327B.041 is ~~\$300~~ \$180 for a three-year period.

2.3 (b) All initial and renewal licenses, except for manufactured home installer licenses,
 2.4 shall be effective for two years and shall expire on March 31 of the year after the year in
 2.5 which the application is made.

2.6 (c) The commissioner shall in a manner determined by the commissioner, without the
 2.7 need for any rulemaking under chapter 14, phase in the renewal of residential contractor,
 2.8 residential remodeler, and residential roofer licenses from one year to two years. By June
 2.9 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer
 2.10 licenses shall be two-year licenses.

2.11 Sec. 3. Minnesota Statutes 2018, section 327.31, is amended by adding a subdivision to
 2.12 read:

2.13 Subd. 23. **Modular home.** "Modular home" means a building or structural unit of closed
 2.14 construction that has been substantially manufactured or constructed, in whole or in part,
 2.15 at an off-site location, with the final assembly occurring on site alone or with other units
 2.16 and attached to a foundation designed to the State Building Code and occupied as a
 2.17 single-family dwelling. Modular home construction must comply with applicable standards
 2.18 adopted in Minnesota Rules, chapter 1360 or 1361.

2.19 Sec. 4. **[327.335] PLACEMENT OF MODULAR HOMES.**

2.20 A modular home may be placed in a manufactured home park as defined in section
 2.21 327.14, subdivision 3. A modular home placed in a manufactured home park is a
 2.22 manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and
 2.23 duties, under those chapters apply. A modular home may not be placed in a manufactured
 2.24 home park without prior written approval of the park owner. Nothing in this section shall
 2.25 be construed to inhibit the application of zoning, subdivision, architectural, or esthetic
 2.26 requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes
 2.27 and manufactured home parks. A modular home placed in a manufactured home park under
 2.28 this section shall be assessed and taxed as a manufactured home.

2.29 Sec. 5. Minnesota Statutes 2018, section 327B.041, is amended to read:

2.30 **327B.041 MANUFACTURED HOME INSTALLERS.**

2.31 (a) Manufactured home installers are subject to all of the fees in section 326B.092 and
 2.32 the requirements of sections 326B.802 to 326B.885, except for the following:

3.1 (1) manufactured home installers are not subject to the continuing education requirements
3.2 of sections 326B.0981, 326B.099, and 326B.821, but are subject to the continuing education
3.3 requirements established in rules adopted under section 327B.10;

3.4 (2) the examination requirement of section 326B.83, subdivision 3, for manufactured
3.5 home installers shall be satisfied by successful completion of a written examination
3.6 administered and developed specifically for the examination of manufactured home installers.
3.7 The examination must be administered and developed by the commissioner. The
3.8 commissioner and the state building official shall seek advice on the grading, monitoring,
3.9 and updating of examinations from the Minnesota Manufactured Housing Association;

3.10 (3) a local government unit may not place a surcharge on a license fee, and may not
3.11 charge a separate fee to installers;

3.12 (4) a dealer or distributor who does not install or repair manufactured homes is exempt
3.13 from licensure under sections 326B.802 to 326B.885;

3.14 (5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply;
3.15 and

3.16 (6) manufactured home installers are not subject to the contractor recovery fund in
3.17 section 326B.89.

3.18 (b) The commissioner may waive all or part of the requirements for licensure as a
3.19 manufactured home installer for any individual who holds an unexpired license or certificate
3.20 issued by any other state or other United States jurisdiction if the licensing requirements of
3.21 that jurisdiction meet or exceed the corresponding licensing requirements of the department
3.22 and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the~~
3.23 ~~purposes of calculating fees under section 326B.092, licensure as a manufactured home~~
3.24 ~~installer is a business license.~~

3.25 Sec. 6. Minnesota Statutes 2018, section 327C.095, subdivision 4, is amended to read:

3.26 Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 60
3.27 days after receiving notice of a closure statement, the governing body of the affected
3.28 municipality shall hold a public hearing to review the closure statement and any impact that
3.29 the park closing may have on the displaced residents and the park owner. At the time of,
3.30 and in the notice for, the public hearing, displaced residents must be informed that they may
3.31 be eligible for payments from the Minnesota manufactured home relocation trust fund under
3.32 section 462A.35 as compensation for reasonable relocation costs under subdivision 13,
3.33 paragraphs (a) and (e).

4.1 The governing body of the municipality may also require that other parties, including
4.2 the municipality, but excluding the park owner or its purchaser, involved in the park closing
4.3 provide additional compensation to residents to mitigate the adverse financial impact of the
4.4 park closing upon the residents.

4.5 At the public hearing, the municipality shall appoint a qualified neutral third party, to
4.6 be agreed upon by both the manufactured home park owner and manufactured home owners,
4.7 whose hourly cost must be reasonable and paid from the Minnesota manufactured home
4.8 relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with
4.9 decision-making authority to resolve any questions or disputes regarding any contributions
4.10 or disbursements to and from the Minnesota manufactured home relocation trust fund by
4.11 either the manufactured home park owner or the manufactured home owners. If the parties
4.12 cannot agree on a neutral third party, the municipality will ~~make a determination~~ determine
4.13 who shall act as the neutral third party.

4.14 The qualified neutral third party shall be familiar with manufactured housing and the
4.15 requirements of this section. The neutral third party shall keep an overall receipts and cost
4.16 summary together with a detailed accounting, for each manufactured lot, of the payments
4.17 received by the manufactured home park owner, and expenses approved and payments
4.18 disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well
4.19 as a record of all services and hours the neutral third party provided and at what hourly rate
4.20 the neutral third party charged to the Minnesota manufactured home trust fund. This detailed
4.21 accounting shall be provided to the manufactured home park owner, the municipality, and
4.22 the Minnesota Housing Finance Agency to be included in its yearly October 15 report as
4.23 required in subdivision 13, paragraph (h), not later than 30 days after the expiration of the
4.24 nine-month notice provided in the closure statement.

4.25 Sec. 7. Minnesota Statutes 2018, section 327C.095, subdivision 6, is amended to read:

4.26 Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of
4.27 an agreement to purchase a manufactured home park, the purchaser must notify the park
4.28 owner, in writing, if the purchaser intends to close the manufactured home park or convert
4.29 it to another use within one year of the execution of the agreement. The park owner shall
4.30 provide a resident of each manufactured home with a 45-day written notice of the purchaser's
4.31 intent to close the park or convert it to another use. The notice must state that the park owner
4.32 will provide information on the cash price and the terms and conditions of the purchaser's
4.33 offer to residents requesting the information. The notice must be sent by first class mail to
4.34 a resident of each manufactured home in the park. The notice period begins on the postmark

5.1 date affixed to the notice and ends 45 days after it begins. During the notice period required
5.2 in this subdivision, the owners of at least 51 percent of the manufactured homes in the park
5.3 or a nonprofit organization which has the written permission of the owners of at least 51
5.4 percent of the manufactured homes in the park to represent them in the acquisition of the
5.5 park shall have the right to meet the cash price and execute an agreement to purchase the
5.6 park for the purposes of keeping the park as a manufactured housing community, provided
5.7 that the owners or nonprofit organization must covenant and warrant to the park owner in
5.8 the agreement that they will continue to operate the park for not less than six years from
5.9 the date of closing. The park owner must accept the offer if it meets the cash price and the
5.10 same terms and conditions set forth in the purchaser's offer except that the seller is not
5.11 obligated to provide owner financing. For purposes of this section, cash price means the
5.12 cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1,
5.13 paragraph (d).

5.14 Sec. 8. Minnesota Statutes 2018, section 327C.095, subdivision 12, is amended to read:

5.15 Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a)
5.16 If a manufactured home owner is required to move due to the conversion of all or a portion
5.17 of a manufactured home park to another use, the closure of a park, or cessation of use of
5.18 the land as a manufactured home park, the manufactured park owner shall, upon the change
5.19 in use, pay to the commissioner of management and budget for deposit in the Minnesota
5.20 manufactured home relocation trust fund under section 462A.35, the lesser amount of the
5.21 actual costs of moving or purchasing the manufactured home approved by the neutral third
5.22 party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph
5.23 (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each
5.24 multisection manufactured home, for which a manufactured home owner has made
5.25 application for payment of relocation costs under subdivision 13, paragraph (c). The
5.26 manufactured home park owner shall make payments required under this section to the
5.27 Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice
5.28 from the neutral third party.

5.29 (b) A manufactured home park owner is not required to make the payment prescribed
5.30 under paragraph (a), nor is a manufactured home owner entitled to compensation under
5.31 subdivision 13, paragraph (a) or (e), if:

5.32 (1) the manufactured home park owner relocates the manufactured home owner to
5.33 another space in the manufactured home park or to another manufactured home park at the
5.34 park owner's expense;

6.1 (2) the manufactured home owner is vacating the premises and has informed the
 6.2 manufactured home park owner or manager of this prior to the mailing date of the closure
 6.3 statement under subdivision 1;

6.4 (3) a manufactured home owner has abandoned the manufactured home, or the
 6.5 manufactured home owner is not current on the monthly lot rental, personal property taxes;

6.6 (4) the manufactured home owner has a pending eviction action for nonpayment of lot
 6.7 rental amount under section 327C.09, which was filed against the manufactured home owner
 6.8 prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery
 6.9 has been ordered by the district court;

6.10 (5) the conversion of all or a portion of a manufactured home park to another use, the
 6.11 closure of a park, or cessation of use of the land as a manufactured home park is the result
 6.12 of a taking or exercise of the power of eminent domain by a governmental entity or public
 6.13 utility; or

6.14 (6) the owner of the manufactured home is not a resident of the manufactured home
 6.15 park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home
 6.16 is a resident, but came to reside in the manufactured home park after the mailing date of
 6.17 the closure statement under subdivision 1.

6.18 (c) If the unencumbered fund balance in the manufactured home relocation trust fund
 6.19 is less than ~~\$1,000,000~~ \$3,000,000 as of June 30 of each year, the commissioner of
 6.20 management and budget shall assess each manufactured home park owner by mail the total
 6.21 amount of \$15 for each licensed lot in their park, payable on or before ~~September~~ November
 6.22 15 of that year. The commissioner of management Failure to notify and budget shall deposit
 6.23 any payments in the Minnesota timely assess the manufactured home relocation trust fund.
 6.24 On or before July 15 of park owner by August 30 of any year shall waive the assessment
 6.25 and payment obligations of the manufactured home park owner for that year. Together with
 6.26 said assessment notice, each year; the commissioner of management and budget shall prepare
 6.27 and distribute to park owners a letter explaining whether funds are being collected for that
 6.28 year, information about the collection, an invoice for all licensed lots, and a sample form
 6.29 for the park owners to collect information on which park residents have been accounted
 6.30 for. If assessed under this paragraph, the park owner may recoup the cost of the \$15
 6.31 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park
 6.32 residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park
 6.33 owners may adjust payment for lots in their park that are vacant or otherwise not eligible
 6.34 for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b),

7.1 and for park residents who have not paid the \$15 assessment to the park owner by October
7.2 15, and deduct from the assessment accordingly. The commissioner of management and
7.3 budget shall deposit any payments in the Minnesota manufactured home relocation trust
7.4 fund.

7.5 (d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by
7.6 the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action
7.7 in a court of appropriate jurisdiction. The court may award a prevailing party reasonable
7.8 attorney fees, court costs, and disbursements.

7.9 Sec. 9. Minnesota Statutes 2018, section 327C.095, subdivision 13, is amended to read:

7.10 Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a
7.11 manufactured home owner is required to relocate due to the conversion of all or a portion
7.12 of a manufactured home park to another use, the closure of a manufactured home park, or
7.13 cessation of use of the land as a manufactured home park under subdivision 1, and the
7.14 manufactured home owner complies with the requirements of this section, the manufactured
7.15 home owner is entitled to payment from the Minnesota manufactured home relocation trust
7.16 fund equal to the manufactured home owner's actual relocation costs for relocating the
7.17 manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being
7.18 closed, up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection
7.19 manufactured home. The actual relocation costs must include the reasonable cost of taking
7.20 down, moving, and setting up the manufactured home, including equipment rental, utility
7.21 connection and disconnection charges, minor repairs, modifications necessary for
7.22 transportation of the home, necessary moving permits and insurance, moving costs for any
7.23 appurtenances, which meet applicable local, state, and federal building and construction
7.24 codes.

7.25 (b) A manufactured home owner is not entitled to compensation under paragraph (a) if
7.26 the manufactured home park owner is not required to make a payment to the Minnesota
7.27 manufactured home relocation trust fund under subdivision 12, paragraph (b).

7.28 (c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota
7.29 manufactured home relocation trust fund, the manufactured home owner shall submit to the
7.30 neutral third party and the Minnesota Housing Finance Agency, with a copy to the park
7.31 owner, an application for payment, which includes:

7.32 (1) a copy of the closure statement under subdivision 1;

8.1 (2) a copy of the contract with a moving or towing contractor, which includes the
8.2 relocation costs for relocating the manufactured home;

8.3 (3) a statement with supporting materials of any additional relocation costs as outlined
8.4 in subdivision 1;

8.5 (4) a statement certifying that none of the exceptions to receipt of compensation under
8.6 subdivision 12, paragraph (b), apply to the manufactured home owner;

8.7 (5) a statement from the manufactured park owner that the lot rental is current and that
8.8 the annual \$15 ~~payments~~ payment to the Minnesota manufactured home relocation trust
8.9 fund ~~have~~ has been paid when due; and

8.10 (6) a statement from the county where the manufactured home is located certifying that
8.11 personal property taxes for the manufactured home are paid through the end of that year.

8.12 (d) The neutral third party shall promptly process all payments for completed applications
8.13 within 14 days. If the neutral third party has acted reasonably and does not approve or deny
8.14 payment within 45 days after receipt of the information set forth in paragraph (c), the
8.15 payment is deemed approved. Upon approval and request by the neutral third party, the
8.16 Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent
8.17 of the contract price payable to the mover and towing contractor for relocating the
8.18 manufactured home in the amount of the actual relocation cost, plus a check to the home
8.19 owner for additional certified costs associated with third-party vendors, that were necessary
8.20 in relocating the manufactured home. The moving or towing contractor shall receive 50
8.21 percent upon execution of the contract and 50 percent upon completion of the relocation
8.22 and approval by the manufactured home owner. The moving or towing contractor may not
8.23 apply the funds to any other purpose other than relocation of the manufactured home as
8.24 provided in the contract. A copy of the approval must be forwarded by the neutral third
8.25 party to the park owner with an invoice for payment of the amount specified in subdivision
8.26 12, paragraph (a).

8.27 (e) In lieu of collecting a relocation payment from the Minnesota manufactured home
8.28 relocation trust fund under paragraph (a), the manufactured home owner may collect an
8.29 amount from the fund after reasonable efforts to relocate the manufactured home have failed
8.30 due to the age or condition of the manufactured home, or because there are no manufactured
8.31 home parks willing or able to accept the manufactured home within a 25-mile radius. A
8.32 manufactured home owner may tender title of the manufactured home in the manufactured
8.33 home park to the manufactured home park owner, and collect an amount to be determined
8.34 by an independent appraisal. The appraiser must be agreed to by both the manufactured

9.1 home park owner and the manufactured home owner. If the appraised market value cannot
9.2 be determined, the tax market value, averaged over a period of five years, can be used as a
9.3 substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a
9.4 single-section and \$14,500 for a multisection manufactured home. The minimum amount
9.5 that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a
9.6 multisection manufactured home. The manufactured home owner shall deliver to the
9.7 manufactured home park owner the current certificate of title to the manufactured home
9.8 duly endorsed by the owner of record, and valid releases of all liens shown on the certificate
9.9 of title, and a statement from the county where the manufactured home is located evidencing
9.10 that the personal property taxes have been paid. The manufactured home owner's application
9.11 for funds under this paragraph must include a document certifying that the manufactured
9.12 home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the
9.13 Minnesota manufactured home relocation trust fund have been paid when due, that the
9.14 manufactured home owner has chosen to tender title under this section, and that the park
9.15 owner agrees to make a payment to the commissioner of management and budget in the
9.16 amount established in subdivision 12, paragraph (a), less any documented costs submitted
9.17 to the neutral third party, required for demolition and removal of the home, and any debris
9.18 or refuse left on the lot, not to exceed \$1,000. The manufactured home owner must also
9.19 provide a copy of the certificate of title endorsed by the owner of record, and certify to the
9.20 neutral third party, with a copy to the park owner, that none of the exceptions to receipt of
9.21 compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the
9.22 manufactured home owner, and that the home owner will vacate the home within 60 days
9.23 after receipt of payment or the date of park closure, whichever is earlier, provided that the
9.24 monthly lot rent is kept current.

9.25 (f) The Minnesota Housing Finance Agency must make a determination of the amount
9.26 of payment a manufactured home owner would have been entitled to under a local ordinance
9.27 in effect on May 26, 2007. Notwithstanding paragraph (a), the manufactured home owner's
9.28 compensation for relocation costs from the fund under section 462A.35, is the greater of
9.29 the amount provided under this subdivision, or the amount under the local ordinance in
9.30 effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this
9.31 paragraph is intended to increase the liability of the park owner.

9.32 (g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be
9.33 liable to any person for recovery if the funds in the Minnesota manufactured home relocation
9.34 trust fund are insufficient to pay the amounts claimed. The Minnesota Housing Finance
9.35 Agency shall keep a record of the time and date of its approval of payment to a claimant.

10.1 (h)(1) By October 15, 2019, the Minnesota Housing Finance Agency shall post on its
 10.2 website and report to the chairs of the senate Finance Committee and house of representatives
 10.3 Ways and Means Committee on the Minnesota manufactured home relocation trust fund,
 10.4 including the account balance, payments to claimants, the amount of any advances to the
 10.5 fund, the amount of any insufficiencies encountered during the previous calendar year, and
 10.6 any itemized administrative charges or expenses deducted from the trust fund balance. If
 10.7 sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
 10.8 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

10.9 ~~(h)~~ (2) Beginning in 2020, the Minnesota Housing Finance Agency shall post on its
 10.10 website and report to the chairs of the senate Finance Committee and house of representatives
 10.11 Ways and Means Committee by ~~January~~ October 15 of each year on the Minnesota
 10.12 manufactured home relocation trust fund, including the aggregate account balance, the
 10.13 aggregate assessment payments received, summary information regarding each closed park
 10.14 including the total payments to claimants and payments received from each closed park,
 10.15 the amount of any advances to the fund, the amount of any insufficiencies encountered
 10.16 during the previous ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant
 10.17 to subdivision 4, and any itemized administrative charges or expenses deducted from the
 10.18 trust fund balance, all of which should be reconciled to the previous year's trust fund balance.
 10.19 If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the
 10.20 manufactured home owner whose unpaid claim is the earliest by time and date of approval.

10.21 Sec. 10. Minnesota Statutes 2018, section 327C.095, is amended by adding a subdivision
 10.22 to read:

10.23 Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health
 10.24 or, if applicable, local units of government that have entered into a delegation of authority
 10.25 agreement with the Department of Health as provided in section 145A.07 shall provide, by
 10.26 March 31 of each year, a list of names and addresses of the manufactured home parks
 10.27 licensed in the previous year, and for each manufactured home park, the current licensed
 10.28 owner, the owner's address, the number of licensed manufactured home lots, and other data
 10.29 as they may request for the Department of Management and Budget to invoice each licensed
 10.30 manufactured home park in the state of Minnesota.

10.31 Sec. 11. Minnesota Statutes 2018, section 462A.2035, subdivision 1b, is amended to read:

10.32 Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may
 10.33 use manufactured home park infrastructure grants under this program for:

11.1 (1) acquisition of and improvements in manufactured home parks; and

11.2 (2) infrastructure, including storm shelters and community facilities.

11.3 Sec. 12. Minnesota Statutes 2018, section 462A.33, subdivision 1, is amended to read:

11.4 Subdivision 1. **Created.** The economic development and housing challenge program is
11.5 created to be administered by the agency.

11.6 (a) The program shall provide grants or loans for the purpose of construction, acquisition,
11.7 rehabilitation, demolition or removal of existing structures, construction financing, permanent
11.8 financing, interest rate reduction, refinancing, and gap financing of housing or manufactured
11.9 home parks, as defined in section 327C.01, to support economic development and
11.10 redevelopment activities or job creation or job preservation within a community or region
11.11 by meeting locally identified housing needs.

11.12 Gap financing is either:

11.13 (1) the difference between the costs of the property, including acquisition, demolition,
11.14 rehabilitation, and construction, and the market value of the property upon sale; or

11.15 (2) the difference between the cost of the property and the amount the targeted household
11.16 can afford for housing, based on industry standards and practices.

11.17 (b) Preference for grants and loans shall be given to comparable proposals that include
11.18 regulatory changes or waivers that result in identifiable cost avoidance or cost reductions,
11.19 such as increased density, flexibility in site development standards, or zoning code
11.20 requirements. Preference must also be given among comparable proposals to proposals for
11.21 projects that are accessible to transportation systems, jobs, schools, and other services.

11.22 (c) If a grant or loan is used for demolition or removal of existing structures, the cleared
11.23 land must be used for the construction of housing to be owned or rented by persons who
11.24 meet the income limits of this section or for other housing-related purposes that primarily
11.25 benefit the persons residing in the adjacent housing. In making selections for grants or loans
11.26 for projects that demolish affordable housing units, the agency must review the potential
11.27 displacement of residents and consider the extent to which displacement of residents is
11.28 minimized.

11.29 Sec. 13. Minnesota Statutes 2018, section 462A.33, subdivision 2, is amended to read:

11.30 Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally
11.31 recognized American Indian tribe or subdivision located in Minnesota, a tribal housing

12.1 corporation, a private developer, a nonprofit organization, or the owner of the housing or
12.2 the manufactured home park, including individuals. For the purpose of this section, "city"
12.3 has the meaning given it in section 462A.03, subdivision 21. To the extent practicable,
12.4 grants and loans shall be made so that an approximately equal number of housing units are
12.5 financed in the metropolitan area and in the nonmetropolitan area.

12.6 Sec. 14. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME**
12.7 **RELOCATION TRUST FUND.**

12.8 (a) Until June 30, 2021, the Minnesota Housing Finance Agency or Department of
12.9 Management and Budget as determined by the commissioner of management and budget,
12.10 is authorized to advance up to \$400,000 from state appropriations or other resources to the
12.11 Minnesota manufactured home relocation trust fund established under Minnesota Statutes,
12.12 section 462A.35, if the account balance in the Minnesota manufactured home relocation
12.13 trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section
12.14 327C.095, subdivision 13.

12.15 (b) The Minnesota Housing Finance Agency or Department of Management and Budget
12.16 shall be reimbursed from the Minnesota manufactured home relocation trust fund for any
12.17 money advanced by the agency under paragraph (a) to the fund. Approved claims for payment
12.18 to manufactured home owners shall be paid prior to the money being advanced by the agency
12.19 or the department to the fund.